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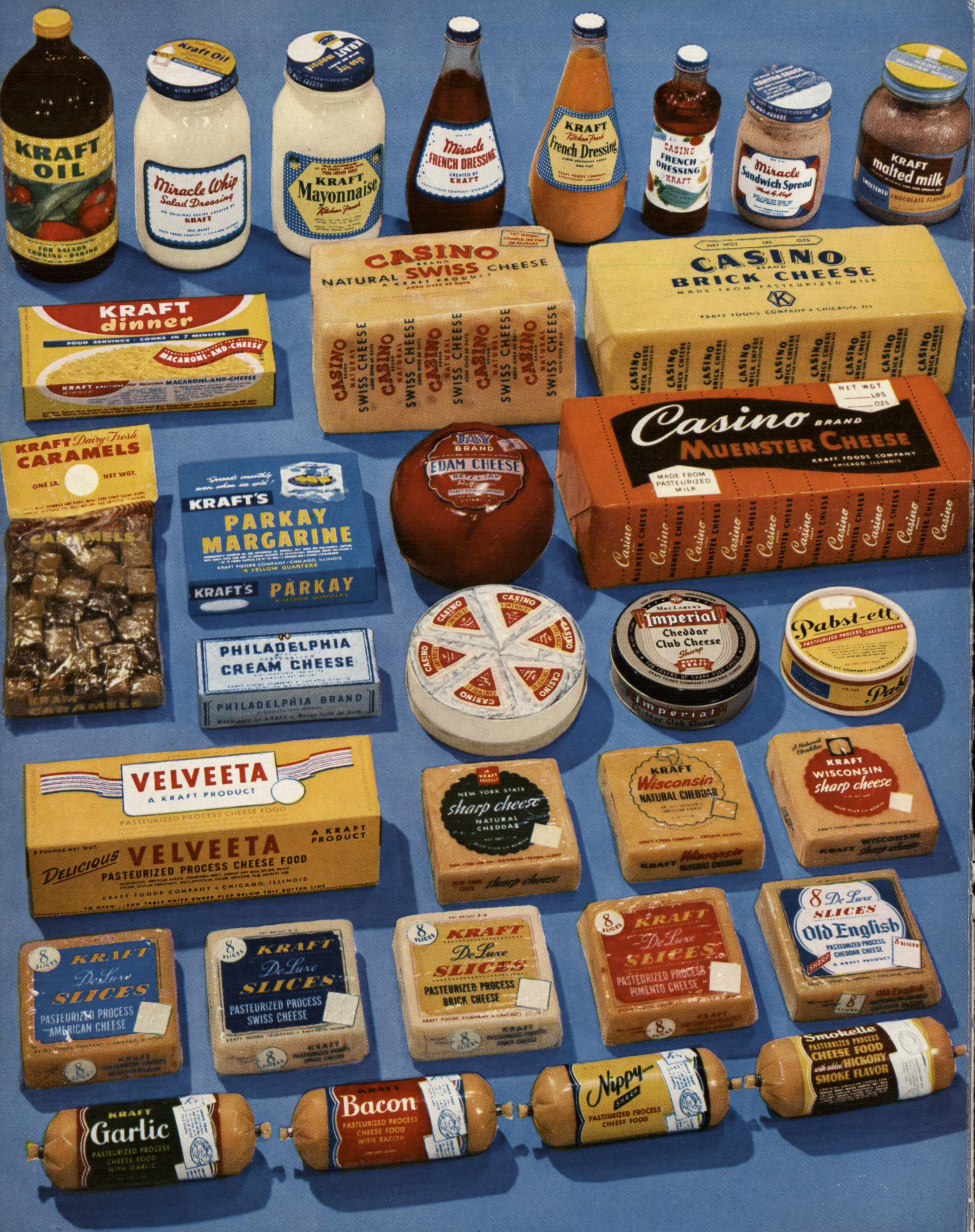
NATIONAL DAIRY
PRODUCTS CORPORATION

ANNUAL REPORT • 1952


KRAFT OIL
FOR SALADS · COOKING · BAKING
Miracle Whip Salad Dressing
KRAFT Mayonnaise
Miracle French Dressing
KRAFT Kitchen Fresh French Dressing
CASINO FRENCH DRESSING KRAFT
Miracle Sandwich Spread
KRAFT malted milk
CHOCOLATE FLAVORED
CASINO BRAND NATURAL SWISS CHEESE
A KRAFT PRODUCT
CASINO BRAND BRICK CHEESE
MADE FROM PASTEURIZED MILK
KRAFT FOODS COMPANY · CHICAGO, ILL.
KRAFT dinner
FOUR SERVINGS · COOKS IN 7 MINUTES
MACARONI-AND-CHEESE
Casino BRAND MUENSTER CHEESE
KRAFT FOODS COMPANY CHICAGO, ILLINOIS
MADE FROM PASTEURIZED MILK
KRAFT Dairy Fresh CARAMELS
ONE LB. NET WGT.
KRAFT'S PARKAY MARGARINE
KRAFT FOODS COMPANY · CHICAGO, ILLINOIS
4 YELLOW QUARTERS
JAY BRAND EDAM CHEESE
PHILADELPHIA CREAM CHEESE
PHILADELPHIA BRAND
CASINO
MacLAREN'S Imperial Cheddar Club Cheese Sharp
Pabst-ett PASTEURIZED PROCESS CHEESE SPREAD
VELVEETA A KRAFT PRODUCT
PASTEURIZED PROCESS CHEESE FOOD
DELICIOUS VELVEETA PASTEURIZED PROCESS CHEESE FOOD
KRAFT FOODS COMPANY · CHICAGO, ILLINOIS
NEW YORK STATE sharp cheese NATURAL CHEDDAR
KRAFT Wisconsin NATURAL CHEDDAR
KRAFT WISCONSIN sharp cheese
8 SLICES KRAFT DeLuxe SLICES PASTEURIZED PROCESS AMERICAN CHEESE
8 SLICES KRAFT DeLuxe SLICES PASTEURIZED PROCESS SWISS CHEESE
8 SLICES KRAFT DeLuxe SLICES PASTEURIZED PROCESS BRICK CHEESE
8 SLICES KRAFT DeLuxe SLICES PASTEURIZED PROCESS PIMENTO CHEESE
8 DeLuxe SLICES Old English PASTEURIZED PROCESS CHEDDAR CHEESE SHARP A KRAFT PRODUCT
KRAFT Garlic PASTEURIZED PROCESS CHEESE FOOD WITH GARLIC
KRAFT Bacon PASTEURIZED PROCESS CHEESE FOOD WITH BACON
Nippy SHARP PASTEURIZED PROCESS CHEESE FOOD
Smokelle PASTEURIZED PROCESS CHEESE FOOD with added HICKORY SMOKE FLAVOR

National Dairy Looks Ahead

AMERICANS, fortunately for all of us, are a forward-looking people. In this land, steady advancement, better homes, healthier bodies, broader education, more advantages and conveniences for everyone, are constant aims. Generation after generation our fellow Americans have achieved a better life for themselves, a still better one for their children. No other characteristic of the American people has been so important to the growth, strength and prosperity of the nation.

In the same sense, National Dairy is a forward-looking company. Our pride in what we offer our customers today is always matched by our determination to offer them something still better tomorrow. That is why so much time and effort at National Dairy are directed to looking ahead. Each year we put back into the business a substantial part of the earnings to enable us to enhance our usefulness to the consuming public. Constant attention to the development of new products, and to improved methods for producing them efficiently in the quantities needed, are integral parts of our operating policy. We also make sure there will always be men of experience, ability and vision in the line of management succession. To merit the continued support of our millions of customers we know that we must keep a step ahead of their growing demands. To meet that challenge fully is our goal, now and in the future.

In this 30th Annual Report of National Dairy, you will find how our company fared in 1952. Equally important to you are the sections of the report which deal with what we are doing to assure continuation of our leadership in the years to come.

C E Stewart

President

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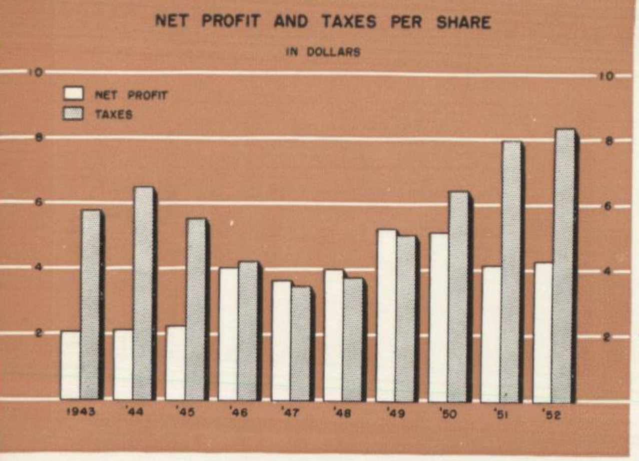


Review

OPERATING RECORD

WE RECEIVED INCOME:

	1952	1951
From the Sale of Products	$1,141,296,000	$1,066,177,000
From Other Sources	4,191,000	3,746,000
Total Receipts	$1,145,487,000	$1,069,923,000

WE INCURRED COSTS AND EXPENSES:

	1952	1951
Milk and Other Products	$ 656,947,000	$ 608,735,000
Wages and Salaries	190,482,000	177,752,000
Operating Services and Supplies	94,762,000	92,366,000
Packaging	74,382,000	69,117,000
Taxes – Canadian	2,623,000	1,722,000
Taxes – Federal, State and Local	52,045,000	49,222,000
Repairs and Maintenance	22,124,000	22,224,000
Depreciation	21,190,000	19,479,000
Interest on Bonds	3,133,000	2,788,000
Total Costs and Expenses	$1,117,688,000	$1,043,405,000

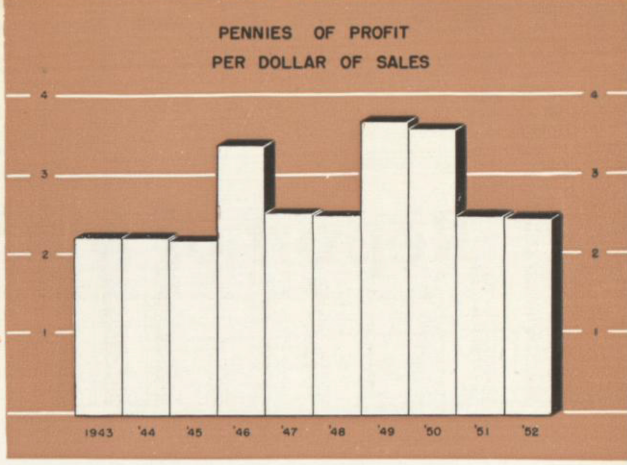
WE EARNED:

	1952	1951
In Total	$ 27,799,000	$ 26,518,000
On each dollar of sales	2.4¢	2.5¢
On each share of stock	$ 4.22	$ 4.16

WHICH WAS DISTRIBUTED AS FOLLOWS:

	1952	1951
Retained in business	$ 8,483,000	$ 8,058,000
Dividends to Shareholders	19,316,000	18,460,000
Per Share	$ 3.00	$ 2.90

(The statements of Consolidated Profit and Loss and Consolidated Earned Surplus will be found on page 20.)



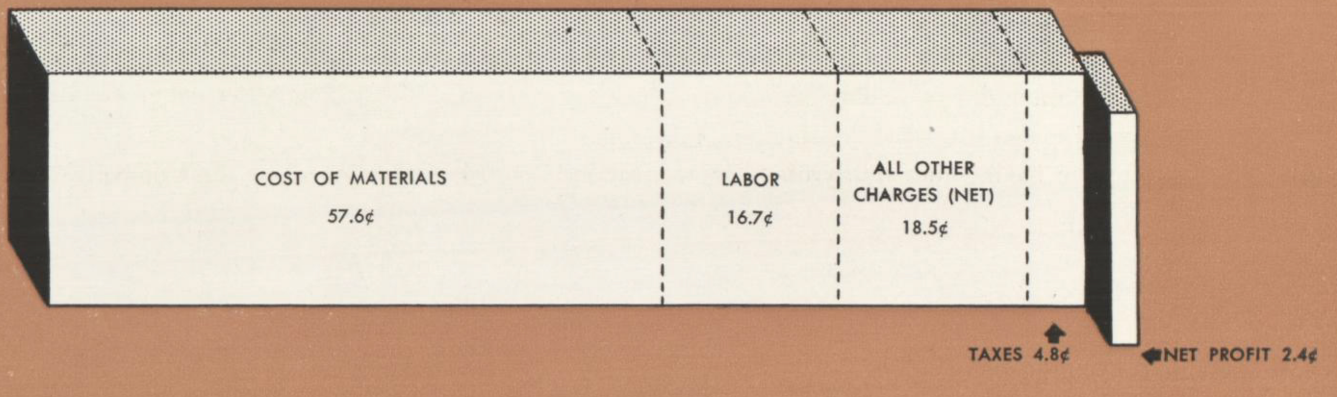
in Brief

FINANCIAL POSITION

	1952	1951
WE OWNED:		
Cash and Government Securities	$ 39,528,000	$ 42,156,000
Accounts Due Us	50,534,000	46,735,000
Products, Materials and Supplies	136,865,000	122,750,000
Investments and Other Assets	7,740,000	6,188,000
Property, Plant and Equipment (net)	174,528,000	172,699,000
Total Owned	$ 409,195,000	$ 390,528,000
WE OWED:		
For Materials, Services and Taxes	$ 55,329,000	$ 54,472,000
Long-Term Debt	105,700,000	107,550,000
Reserves for Prior Years' Taxes, Insurance, etc.	13,162,000	11,842,000
Total Owed	$ 174,191,000	$ 173,864,000
Net Worth: (Difference between what we owned and what we owed)	235,004,000	216,664,000
	$ 409,195,000	$ 390,528,000

(The Consolidated Balance Sheets will be found on pages 18 and 19.)

HOW THE SALES DOLLAR WAS DIVIDED IN 1952



Report of Management

We have had another year of steady growth and progress in 1952, broadening our sales and providing increased advantages for our stockholders and employees, and for the thousands of farmers and other suppliers with whom we do business.

To our stockholders we transmit this report on the past year's business. It is sent on behalf of the 1,200 key men who make up the management team of National Dairy and its operating companies and who are responsible for our continued progress.

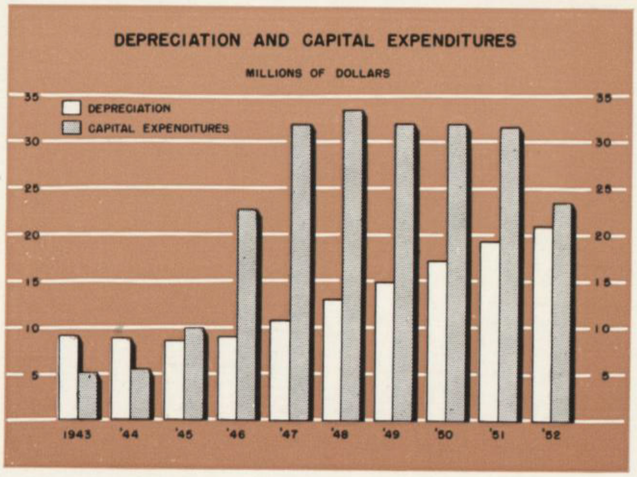
In 1952, we served more customers with more products than ever before in our history. As a result, earnings after taxes increased despite the highest tax bill we have ever paid. Total dividends to stockholders reached their highest level. For the first quarter of 1953 a dividend of 75 cents per share was declared, continuing our high rate of return.

Our expenses also reached a new peak, reflecting the high cost of supplies and services. Our largest payments were to the farmers from whom we buy milk and other agricultural products, to our other suppliers and to our employees. More than nine-tenths of our total income went for these purposes, emphasizing the economic gains generated for farmers, workers and industry. Taxes again almost doubled earnings available for shareowners.

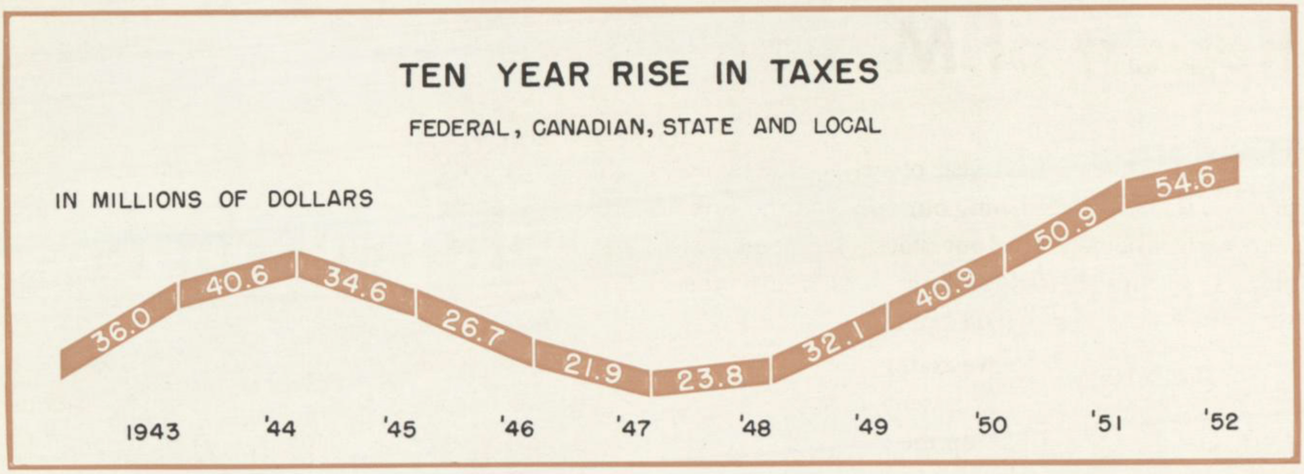
Our increased sales were due to our policy of aggressive merchandising and forward planning. Because of that policy, we were able during the year to enter new markets, expand our service in others and meet increased consumer demand for many of our products.

During 1952 we acquired two new companies. The Humko Company, of Memphis, represents another step in diversification. Humko is a leader in the vegetable oil industry, selling its output largely to makers of margarine, salad dressings and mayonnaise and to the baking industry. Our other acquisition, the Ballard Ice Cream Company of Indianapolis, Ind., opens a new territory for us with a company well known in that state for more than 75 years.

Meanwhile our building and modernization program moved forward with the opening of a major new plant for our Kraft Foods Company at Decatur, Ga. This plant, every 24 hours, turns out 160,000 units, including cheese, cheese products, salad dressing and margarine. Among recently completed Sealtest plants now in full operation are ice cream units in Omaha, Milwaukee and Pittsburgh; a milk plant in Philadelphia, and combined milk and ice cream plants in Winston-Salem, N. C. and Richmond, Va. With plant capacity and efficiency increased, our capital expenditures for this purpose are now leveling off. During 1953 we estimate we will spend approximately $24,000,000 more for plant improvements and replacements, bringing our total for this purpose since the end of World War II to $230,000,000. It is our policy to make such expenditures whenever they will contribute substantially to more economical operations, or are necessary to meet greater demand for our products.



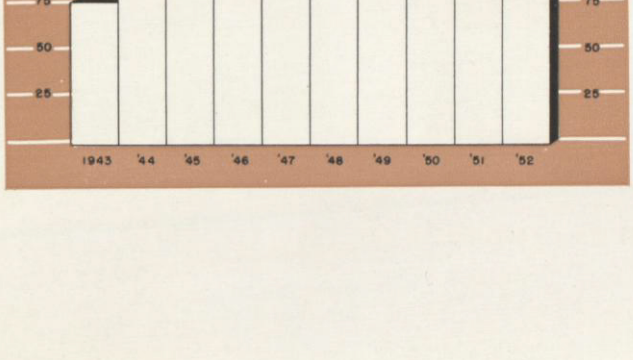
Figures concerning the Company's operations in



1952 appear in the Review In Brief at the beginning of this report, and in the financial statements on pages 18 to 23. Results of operations of our Canadian subsidiaries have been included for the first time since 1939. All figures for 1951 have been restated on a comparable basis.

After 11 years as President, L. A. Van Bomel, who has now served the National Dairy organization for 44 years, was elected Chairman of the Board of Directors on April 17, 1952. He was succeeded as President by E. E. Stewart, formerly Executive Vice-President. During the year, K. T. Keller, Chairman of the Board of the Chrysler Corporation, was elected a director.

We express again our deepest regret at the passing on September 30, 1952 of Thomas H. McInnerney, founder of National Dairy. On February 16, 1953, we lost another of our great leaders in the death of James L. Kraft, founder of our Kraft Foods Company. A more adequate account of these distinguished associates, their contributions to American industry, and their civic activities will be found in the special section devoted to them on pages 7 and 8.



On the governmental scene, we shall continue to protest against double taxation, whereby Federal taxes are levied on corporate profits and again on the stockholder's dividends. We hope our shareowners will follow the recommendations we have previously made, and urge their Congressional representatives to correct this inequitable situation.

We extend our thanks to our stockholders and customers and to all the men and women of National Dairy for their splendid support which has contributed so much to the year's progress. Prospects for the continued growth and progress of our Company are excellent.

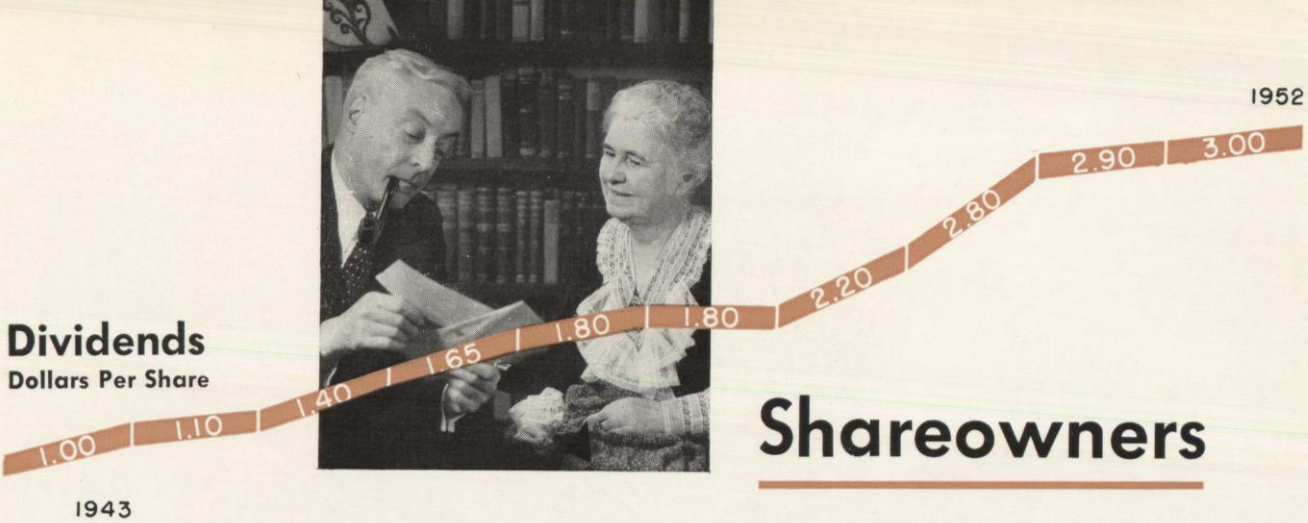
By order of the Board of Directors.

LA Van Bomel — *Chairman of the Board*

EEStewart — *President*

New York, N. Y.
March 5, 1953

Shareowners



Dividends
Dollars Per Share

In December, we sent our 116th consecutive quarterly cash dividend to the teachers, doctors, storekeepers, factory workers, businessmen, students, housewives, farmers and others of our 63,205 shareowners who live in all the states and territories of the United States, and in many foreign countries. A total of $19,315,867 was paid to shareowners as dividends in 1952. Dividends per share in 1952 amounted to $3.00, an increase from $2.90 in 1951.

Since our founding in 1923, we have paid cash dividends on our common stock uninterruptedly, a total of $251,795,642, or approximately 56 per cent of our earnings. We have paid out 52 per cent of our earnings in dividends during the seven years of the post-war era. This compares with a dividend ratio of about 38 per cent during that period for all industry.

1952 RETAINED EARNINGS

After paying dividends in 1952, there remained $8,483,384 in earnings to re-invest in the business as additional capital.

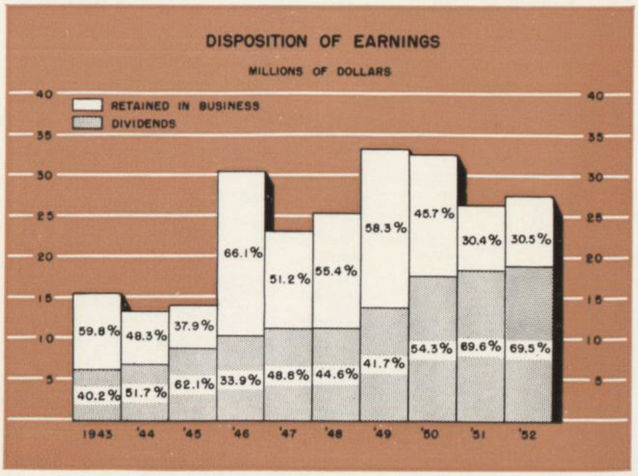
Of the National Dairy shares outstanding, no one stockholder owns as much as two per cent of the stock. Of the 63,205 owners, 48,200 hold less than 100 shares each.

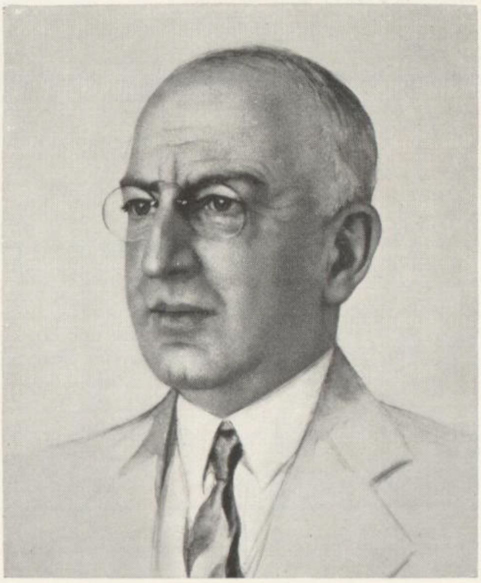
More than 460 non-profit organizations, which rely upon investment, hold stock in our Company. Included are 86 colleges, universities and other educational institutions; 106 churches and religious orders; 45 charitable agencies; 37 hospitals; 69 societies and associations; 79 homes and other types of shelters, and 41 foundations. This is an increase of 33 institutional holders during the last year. In addition, we number 79 insurance companies among our stockholders. Thus our dividends indirectly help to promote scientific research, educate young people, provide pensions, alleviate suffering, and bring benefits as well to thousands of people who carry insurance policies.

In addition, the holders of National Dairy stock include banks, trust companies, and similar financial institutions which manage investment interests for many others, young and old.

QUARTERLY REPORTS BEGUN

In order to keep our stockholders fully informed on the Company and its activities, we publish, in addition to our Annual Report, the Shareowner News, which is sent as an enclosure with quarterly dividend checks. For the first time last year, we began to report our sales and earnings quarterly with the Shareowner News of December 10, 1952, which carried figures for the first nine months of the year.





Mr. McInnerney, from a watercolor by Mme. E. Shoumatoff.

THOMAS HENRY McINNERNEY

1867-1952

The life of Thomas Henry McInnerney is a story of courage, vision and perseverance in the true American tradition. His first job, at age 10, was cash boy in a department store in his native Dubuque, Ia. Eventually, he was to become head of one of the largest food companies in the country.

In between there were years of hard work and struggle against great odds. Young Tom McInnerney worked his way through the University of Illinois, obtaining a degree in pharmacy. He returned to Dubuque to work in a drug store. Borrowing $10,000, he then started his first business venture by opening a drug store in Chicago. After five years, he paid the loan and sold out with a profit.

Thereafter, his skill asserted itself in a series of rapid and successful enterprises — department stores in New York City and Rochester . . . a coal and ice business in Chicago . . . and finally, the decisive factor, a small, Chicago ice cream company called the Hydrox Corporation. Through improved quality and aggressive merchandising, he built this business in nine years into a large and prosperous company.

Here was the inception of the vision and the emergence of the industrial financier. By 1923, Thos. H. McInnerney had linked Hydrox with Reick-McJunkin Dairy Company of Pittsburgh. Within ten years many large companies, distributing dairy products and other foods in various parts of the country, were members of National Dairy Products Corporation. At the end of its founder's lifetime, the Company was to have nearly 64,000 stockholders, over 44,000 employees and sales in excess of a billion dollars a year.

At his death, Mr. McInnerney was Chairman Emeritus of National Dairy and a director of nine other corporations. He gave his time and counsel unsparingly to industrial associations, and to numerous civic and philanthropic agencies. He was a director of several cultural and educational institutions, such as the Metropolitan Opera Association and Lafayette College.

Mr. McInnerney's greatest single achievement was National Dairy. Yet he was at the same time a financial and civic leader, and perhaps above all, a good and wise friend. His life will always be an inspiration to those who knew him, and his story will stand as a living example of American opportunity.

Mr. Kraft working on his rare jade collection.

JAMES LEWIS KRAFT

1874-1953

One day in 1903, James Lewis Kraft paid $65 to hire a horse and wagon and purchase a load of cheese to deliver to grocers in Chicago. With him on his rounds went an idea — to produce the finest cheese in the world.

Today, 50 years later, more than 1,400 salesmen and 1,200 trucks distribute the products of our Kraft Foods Company throughout the United States and in several foreign countries.

The story of Kraft is a story of many parts, and of many men's work and loyalty. Yet its sourcespring is one man's vision and faith. James L. Kraft was born in Canada, one of a family of 11 children. As a boy, his chief textbook was the Bible, read regularly to him by his mother. He earned a grade school education by doing janitor work and odd-jobs. He left school to become a grocery clerk in Ft. Erie, Ontario, where he conceived his idea for making cheese more dependable and more saleable for the grocer.

Moving to Chicago and starting his business, he succeeded finally in producing a processed cheese, packaged in tins. Kraft's five-pound loaf became a market sensation in the 1920's, and gave great impetus to cheese consumption and to production of milk for cheese-making. Kraft today manufactures more than 100 different cheese items, and is a leading maker of salad products, margarine, confections and dehydrated milk products.

A self-made man, James L. Kraft won several honorary degrees from various educational institutions. A deeply religious man, he was a leader in many church groups and won recognition for his outstanding service to Christian causes. A wide traveller, he became a gem collector and amateur lapidary. He was considered as one of the leading authorities on jade.

Mr. Kraft lived to see the dawn of his Company's Golden Anniversary this year. Among his last letters was one to Kraft employees, saying:

> "As I contemplate this half-century of progress, I see this milestone not so much as the ending of our fiftieth year, but as the beginning of our fifty-first. Let us all live our todays — as we have lived our yesterdays — with our eyes and hearts unwaveringly on tomorrow. The fifty golden years of our past are but our pledge to the future."

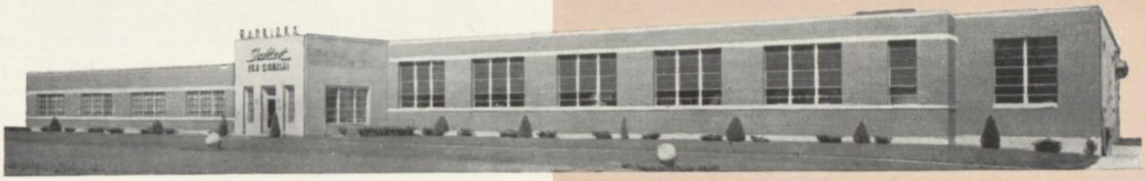
New Kraft plant at Decatur, Ga.

Plant Expansion

Southern Dairies plant at Winston-Salem, N. C.

Rieck Ice Cream Company plant at Pittsburgh, Pa.

Southern Dairies plant at Richmond, Va.



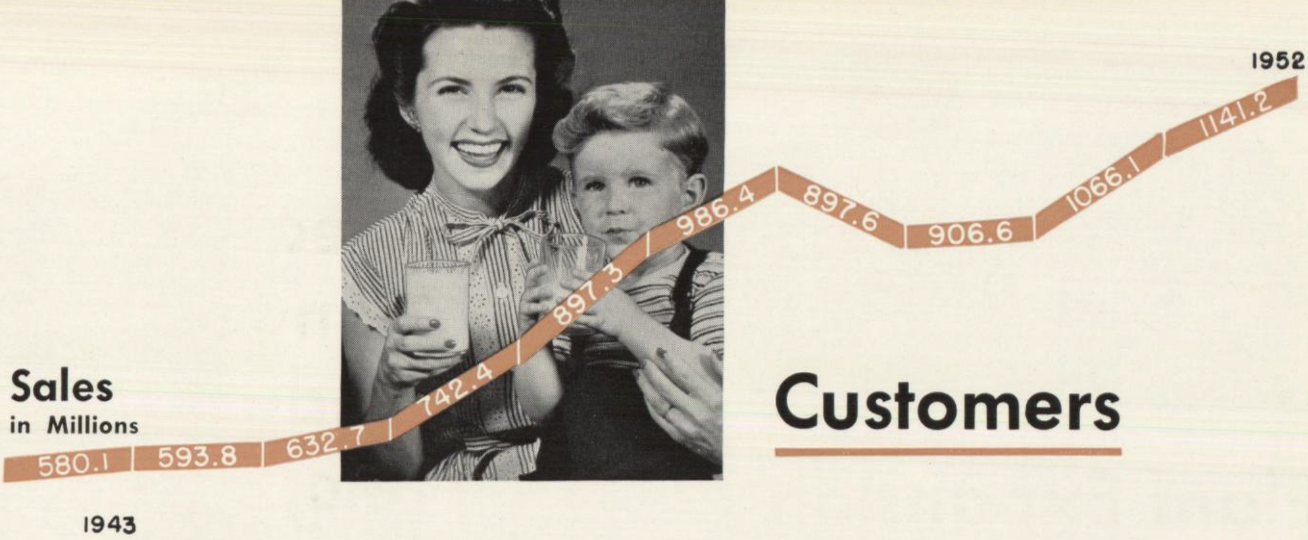
Ice cream plant of our Harding Company, Omaha, Neb.

Some of the principal structures which have been added most recently in our plant development program. Built over a period of years, each of the Kraft and Sealtest plants shown is in or near full operation. The Humko Company plant was acquired in 1952, when Humko joined National Dairy.

Our newly-acquired Humko plant at Memphis, Tenn.

Our Supplee company's milk plant, Philadelphia, Pa.

Luick Ice Cream Company plant, Milwaukee, Wis.



Customers

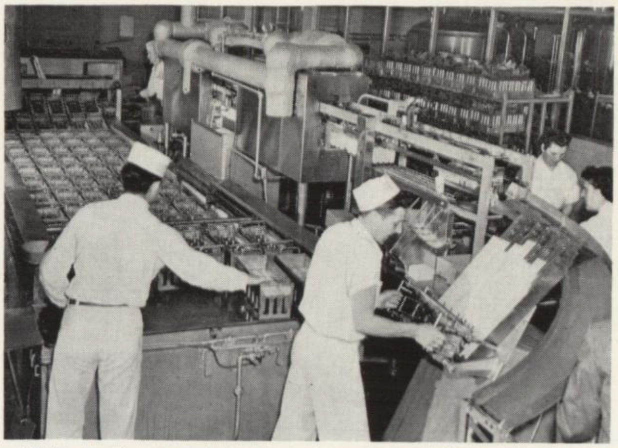
By supplying more food—of consistent high quality, in greater variety and more conveniently and attractively packaged—to more people, we have reached another record high of $1,141,295,700 in our sales for 1952.

Today our sales are almost twice what they were only ten years ago. While increased prices have been a factor, nevertheless there has been a substantial increase in tonnage of products sold. This expanding demand for our products is the result of a number of things. Two principal factors, of course, are product quality and population growth. Since people wherever they are—in the home, in the store, at the soda fountain, in restaurants, on trains, boats and planes—are our market, it follows that population increases mean additional potential customers and higher sales.

PACING CONSUMER TASTES

Because consumer tastes and buying habits are constantly changing, only the company which anticipates the public's demand for progress and improvement can hope to maintain a preferred position in the market-place. Looking ahead, we are continually developing new products, improving old ones, and finding ways to make everything we produce still more satisfying and appealing.

Our Deerfoot Farms Company, for example, now offers hickory-smoked bacon in half-slices. The new slice fits small pans more conveniently and is easier to cook. Another product improvement came from a recent change in packaging methods. A new process used in bottling Kraft Oil eliminates virtually all air from the bottle, thus improving both the keeping quality and the flavor of this widely-used product.



This continuous freeze machine, installed in our new Sealtest plant at Winston-Salem, N. C., fills, dips and packs 120 chocolate-covered ice cream bars a minute.

An important packaging development is Kraft's new "portion control" project, in which jellies and preserves in individual servings are packed in plastic at the plant. First used on trains and airplanes, these individual portions are now being bought by restaurants, hospitals and other institutions. Packed by machinery especially designed for the purpose, the new packages are light, fully protected and easily disposable. Among their many advantages wherever large numbers of people must be served are low cost, labor saving, easy inventory control, consistent quality and complete sanitary protection.

PACKAGES REDESIGNED

Packages for standard products also are studied for possible redesign to make them more convenient and attractive. A two-year program to redesign the entire line of Sealtest products was completed in 1952, and packaging is now uniform throughout our Sealtest divisions. Cartons are color-keyed to product and flavors for quick identification in supermarket and home freezer.

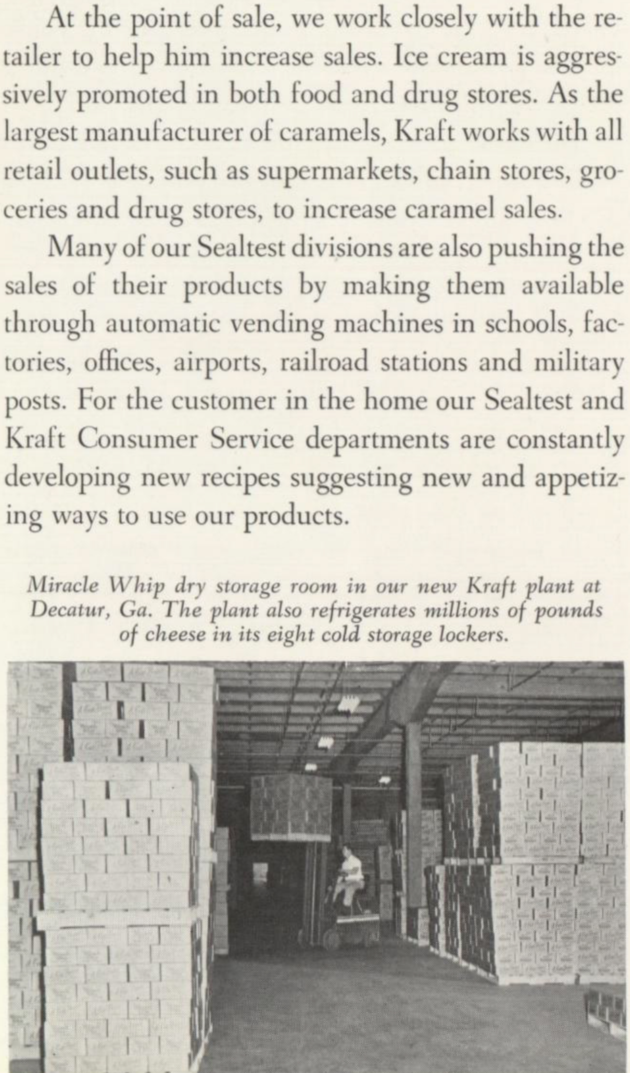
Sales are promoted vigorously by advertising in newspapers and magazines and through radio broadcasts. In the growing medium of television our two main programs rank among the highest in numbers of viewers. They are the Kraft Television Theatre, scheduled at 8 p.m. *CST* on Wednesdays, over NBC; and the Sealtest Big Top Show at 12 noon *EST* Saturdays, over the CBS television network. Our divisions also spur sales regionally through local newspaper, radio and television advertising.

POINT-OF-SALE PROMOTION

At the point of sale, we work closely with the retailer to help him increase sales. Ice cream is aggressively promoted in both food and drug stores. As the largest manufacturer of caramels, Kraft works with all retail outlets, such as supermarkets, chain stores, groceries and drug stores, to increase caramel sales.

Many of our Sealtest divisions are also pushing the sales of their products by making them available through automatic vending machines in schools, factories, offices, airports, railroad stations and military posts. For the customer in the home our Sealtest and Kraft Consumer Service departments are constantly developing new recipes suggesting new and appetizing ways to use our products.

Miracle Whip dry storage room in our new Kraft plant at Decatur, Ga. The plant also refrigerates millions of pounds of cheese in its eight cold storage lockers.



Research and Product Development

We extended efforts in 1952 to diversify our products, improve processes and reduce costs.

Emphasis was placed on closer cooperation among production specialists and laboratory workers for practical application of research findings. The National Dairy Research Laboratories at Oakdale, L. I., and the Kraft Research Laboratories at Glenview, Ill., while pursuing different types of research projects, collaborate closely to achieve common aims. Laboratories are linked through pilot plants to the production line. Our research facilities were also strengthened in 1952 with the addition of the laboratories of our new Humko Company at Memphis, Tenn.

NEW SEALTEST PRODUCTS

Our Sealtest companies went into distribution during the year with Prestige ice cream, a richer, smoother product. Party Freez, a vegetable fat frozen dessert, is being market-tested by Sealtest divisions in several mid-western areas where government regulations permit its sale.

Kraft Foods Company is now marketing Parkay Margarine with smooth "spreadability" even when ice cold, a new element developed in the Kraft laboratories. Kraft extended the distribution in 1952 of two of its newer products, Casino French, a salad dressing, and Kraft Oil for salads, and for cooking and baking.

KRAFT'S 50TH ANNIVERSARY

Kraft's fiftieth anniversary in 1953 draws attention to the famous products which have been derived from its development program over the years. Among them are Miracle Whip, a salad dressing that outsells all others on the market; the processed cheese food, Velveeta; rindless natural cheeses that cure in their own wrappers; Kraft rindless Swiss in blocks, a revolutionary improvement over old-fashioned wheel styles; Chantelle, a fancy, semi-soft cheese, and many others. Particular attention is being given to the effort to satisfy all consumer tastes with special flavors in cheese and salad dressings.

Our Consolidated Products Company continued development of its fine line of supplemental animal feeds, putting into wider distribution in 1952 the new products, Hi-Whey for poultry and Sparx for baby pigs. Our Consolidated company now has 77 plants with more than 15,000 feed dealers handling its products nationally.

INDUSTRIAL PRODUCTS

Seeking diversification, we have developed many uses for our materials and by-products. Some of these materials we manufacture ourselves into finished products. Others are sold to industry for use in making their own products. Kraft alone produces more than 50 of these industrial products, ranging from dried milk and whey for baked goods and candies to stabilizers for soups, gravies and chocolate drinks. In addition to its large output of vegetable oils and shortening, our new Humko Company produces, from by-products of its refineries, fatty acids which are used by other manufacturers in making cosmetics, candles, lubricating greases, crayons, phonograph records and numerous other industrial items.

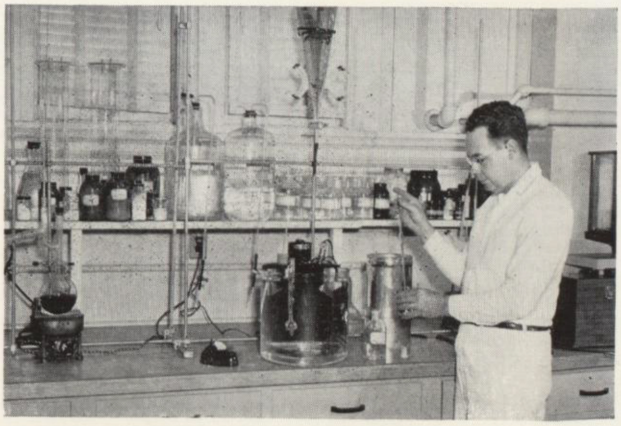
Our Phenix Foods Company went into full production with its new plant and laboratory at South Portland, Maine, where sea moss is processed into emulsifiers and stabilizing agents.

CHEMICAL COMPANY FORMED

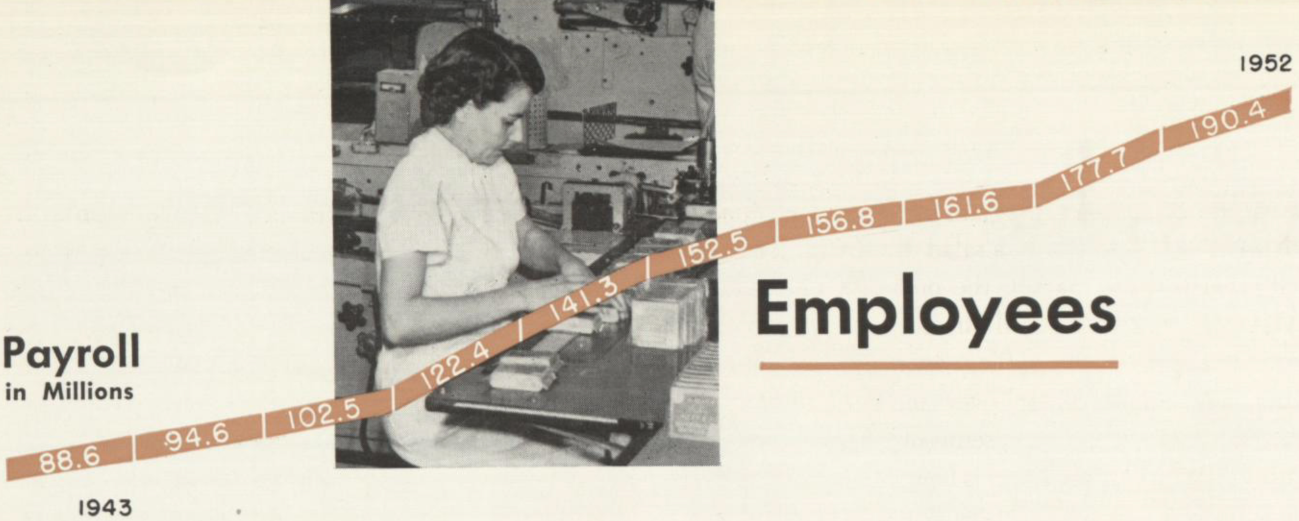
The work of our Sheffield Chemical Division, at Norwich, N. Y., has been formalized into a separate corporation, Sheffield Chemical Company, Inc. This subsidiary makes products for use by the chemical, pharmaceutical, food and other industries. It distributes edible milk proteins and special dietary supplements; lactic acids, lactates and other organic acids; milk sugar; amino acids; bacterial nutrients used in producing antibiotics; food flavoring agents; stabilizers for latex-base paints, and protein derivatives used in making paper, rubber and adhesive products. Further diversification of products for use in other industries is planned.

Technician in the bacteriology and chemistry section of our Kraft laboratories at Glenview, Ill., performs a titration test to determine the quantity of two substances necessary to create a given chemical reaction.

Scene in the analytical chemistry section of our central research headquarters at Oakdale, L. I., where 50 laboratories are in operation, engaging men and women representing 20 scientific specialties.



Employees



One of our most valued assets is our workers—the men and women who make and distribute our products, and staff our offices, laboratories and field services.

Initiative, devotion and enthusiasm from top management to the production lines are essential to progress. These are human responses that cannot be bought; they must be earned. We continued in 1952 to foster among our employees this spirit of mutual confidence.

We carried forward efforts to make our plants and offices pleasant and safe places to work. We encouraged supervision and training to help employees develop their natural abilities, gain self-confidence and attain greater skills. We continued our policy of promoting from within, wherever possible. We paid good wages and salaries and provided steady work.

PAYROLL AT PEAK

In 1952 we paid to employees $190,482,481, as compared to $177,751,622 in 1951. The 1952 payroll is highest in our history and second only in our costs to the amount paid out to farmers.

We feel that security is vital to personal morale and hence to economical productivity. We therefore provide long-standing benefit programs, seeking to help employees to plan and be responsible for their own security.

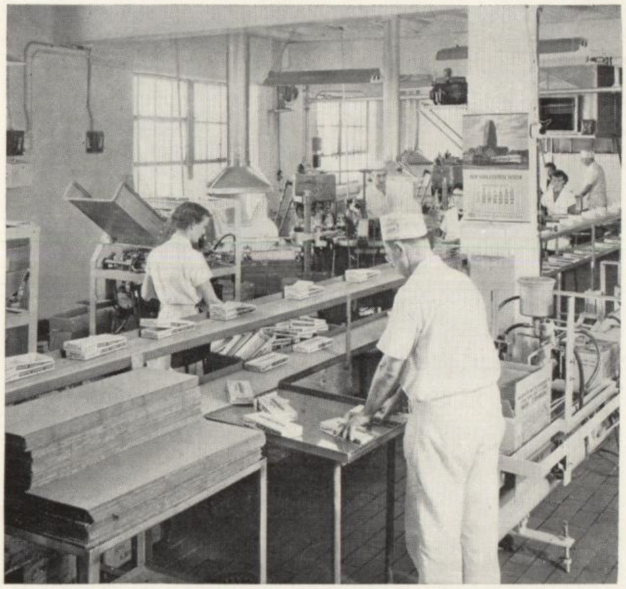
For 22 years we have offered group life, accident and sickness insurance programs which employees can obtain at low rates, and for which we pay a part of the costs. A total of 31,500 now subscribe for these benefits and about $15,069,000 has been paid out to employees and their families for accidents, illness and death. In 1952 our employees carried an aggregate of $135,433,000 in term life insurance and $1,159,000 of weekly coverage for accident and sickness insurance.

Benefit payments for our employees, including our pension plans and insurance programs as well as social security and workmen's compensation insurance, added $11,175,000 to our employment costs during the year. This amounted to an average of approximately $250 for each of our 44,405 employees.

PENSION PLAN AMENDED

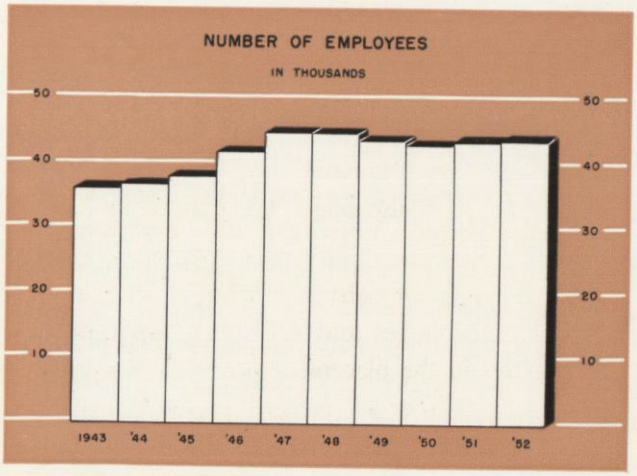
Our non-contributory pension plan for employees, approved by the stockholders at the special meeting on October 19, 1950, was amended in 1952 by the Directors so as to make available to the Company and its divisions, at the election of each employing company for participating groups of its employees, pension benefits of $125 a month (including primary Federal Social Security) for employees having 25 or more years of service at age 65, with a lesser pension for shorter service. The plan was also amended to permit the extension, at the election of the employing company, of the automatic retirement age from 65 to 68, with retirement permissible at or after 65. We believe that the advantages to the Corporation from thus enlarging the pension benefits of the employees participating in the plan will fully justify the increased costs (see note on page 21).

The amended non-contributory pension plan, together with our contributory retirement annuity plan which was established in 1941, provides a balanced program for our employees.



Employees at our Breakstone plant in Syracuse, N. Y., working on a production line where cream cheese bars are wrapped and packed at a rate of 9,720 per hour.

In 10 years the total amount we have paid annually in wages has more than doubled. The effect of our policy of steady work, training and advancement is indicated by the large number of men and women who have been working with us for long periods. Most of our key executives have worked their way up through various positions in our plants, gaining the know-how which has gradually led to management responsibility.



Four Martin brothers, drivers for our Sealtest plant in Schenectady, N. Y. since horse-drawn delivery days, receiving awards for perfect motor vehicle safety records covering an aggregate of 66 years.

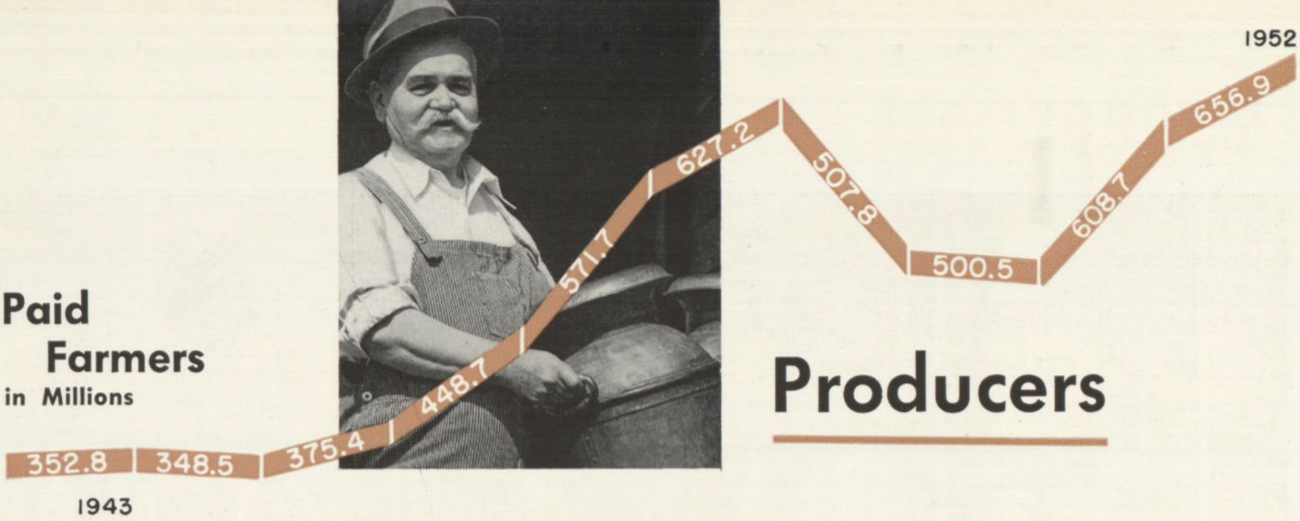
1952 SAFETY RECORD

Our 1952 safety record is one of the best we have ever attained. Our frequency rate for accidental employee injuries was 26% lower than the 1952 national rate for the dairy industry as a whole; and our frequency rate for traffic accidents was 34% lower. Since our safety program was started 22 years ago, employee injuries have been decreased by 56%, and traffic accidents by 59%.

Although 1952 was a year of unusual demands upon our organization, National Dairy people did their jobs with loyalty and resourcefulness. We are proud of our sound relationship with our employees and will do everything possible in the years ahead to maintain it.

The Jones farm family of Webster County, Mo., receives trophy from D. F. McGrath, our Sugar Creek Creamery manager and leader in the Missouri Green Pastures program promoting better grassland feed.

Producers



Dairying is one of the most profitable areas of American agriculture, and affords a stable source of cash income, averaging over $4,000,000,000 a year. American farmers today are taking a renewed interest in expanding milk production.

We do everything possible to assist producers in their work. Milk production per cow has been raised to its highest level, and we are enlisted in an effort to restore the cow population which has decreased steadily in the last seven years.

Having bought $656,946,558 worth of milk and other farm produce last year, National Dairy is important to the farmer, and as a source of supply, the farmer is equally important to us. With a growing population, an abundant milk supply is essential.

To this end, we are working closely with farmers, county agents, agricultural schools and other farm agencies. Our own staff of field men, including trained veterinarians, dairymen and other agricultural specialists, is providing a valuable service to hundreds of thousands of farmers by periodically reviewing with them their operations and suggesting new methods and improvements. They encourage programs of more economical farm practices, such as grassland feed, to increase milk production and improve pasturage.

Chicks feeding at our experimental farm at Danville, Ill., where our supplements to animal and poultry feeds are continually tested under practical farming conditions.

Hundreds of farmers each year attend the demonstrations held on our experimental farms at Danville, Ill. and Des Moines, Iowa. Our field men also conduct many farm meetings throughout the country at which modern dairying practices are promoted. Two of our publications, The Sealtest Dairyman and the Kraftsman (Producer Edition), are circulated to farmers.

An important phase of our agricultural work is concerned with young people, with the dual purpose of increasing future efficiency of milk production and helping start boys and girls in dairying.

The Junior Dairymen project was pioneered by our Kraft Foods Company. The organization now has members in all areas in which Kraft plants are located. Junior Dairymen raise dairy cows and earn money by selling milk to our plants in their localities.

In cooperation with the 4-H Clubs and the Future Farmers of America, we also present National Dairy Achievement Award plaques, cash and U. S. Savings Bonds to boys and girls for accomplishment in efficient milk production. National Dairy Efficiency Production Awards are also made annually to professional dairymen.

In the field of dairy technology, we work with agricultural colleges and the dairy departments of universities in the placement with our companies of a limited number of promising graduates. These young men take positions with our plants or field services.

Management

L. A. Van Bomel, *Chairman of Board, & Fin. & Exec. Comms.*
44 years

E. E. Stewart, *President, Dir., & Chairman, Operating Committee*
32 years

P. P. Miller
Vice-President and Director
32 years

*Henry W. Breyer, Jr., *President*
Breyer Corporation
20 years

James Bruce, *Director*
12 years

*Paul C. Cabot, *President*
State Street Investment Corp.
9 years

E. N. Brawner, *Pres.*, Chestnut Farms-Chevy Chase Dairy Co.
Director; 29 years

Robert S. Gordon, *Vice-President, Gen. Counsel, and Director*
18 years

Vernon F. Hovey, *President*
General Ice Cream Corp.
V.P. & Dir. 47 years

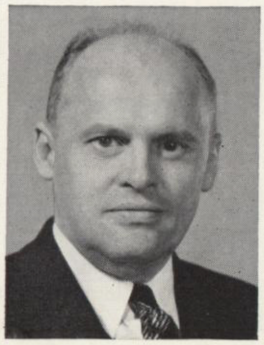
John H. Kraft, *Board Chairman*
Kraft Foods Company
V.P. & Dir. 43 years

E. J. Mather, *Board Chairman*
Southern Dairies, Inc.
V.P. & Dir. 38 years

G. C. Pound, *President*
Kraft Foods Company
Director; 40 years

J. Huber Wetenhall
Vice-President
24 years

Samuel W. Claster, *President*
Breakstone Bros., Inc.
27 years


C. E. Cuddeback, *President*
Western Maryland Dairy, Inc.
31 years

A. J. Dreux, *President*
Rieck Dairy Company
31 years

Frank W. Edwards, *President*
Belle Vernon Milk Company
33 years

C. E. Frishmuth, *President*
Supplee-Wills-Jones Milk Co.
31 years

Alexander Boag, Jr.
Comptroller
27 years

Reed Hartel
Assistant Vice-President
11 years

Jos. L. Caliri, *Secretary*
12 years

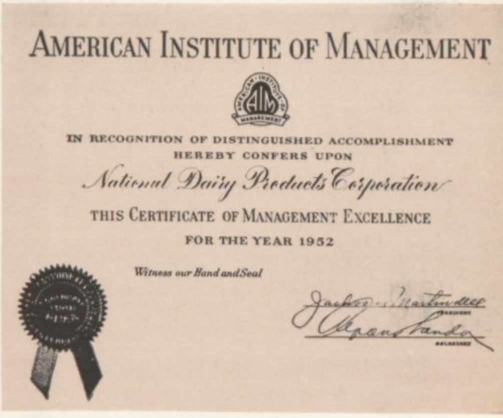
Elizabeth H. Dreher
Assistant Secretary
26 years

*K. T Keller, *Board Chairman*
Chrysler Corporation
3 months

*W. S. S. Rodgers, *Dir. & former Board Chairman*, The Texas Co.
2 years

*Henry C. Von Elm, *Honorary Chairman*, Manufacturers Trust Co.
11 years

*Sidney J. Weinberg, *Partner*
Goldman, Sachs & Co.
22 years



AMERICAN INSTITUTE OF MANAGEMENT

IN RECOGNITION OF DISTINGUISHED ACCOMPLISHMENT
HEREBY CONFERS UPON
National Dairy Products Corporation
THIS CERTIFICATE OF MANAGEMENT EXCELLENCE
FOR THE YEAR 1952

Witness our Hand and Seal

Jackson Martindell

Geo. H. Rutherford
Vice-President and Director
21 years

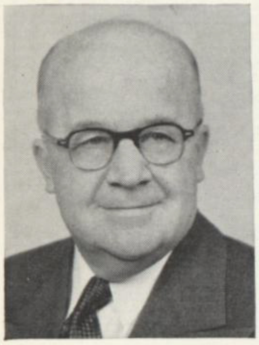
Clyde H. Shaffer, *President*
Breyer Ice Cream Company
Director; 28 years

Raymond J. Wise
Vice-President and Director
37 years

J. C. Loftis, *Executive Vice-President*, Kraft Foods Company
27 years

Col. Edward F. Brown
Vice-President
7 years

Glenn Gundell
Vice-President
3 years

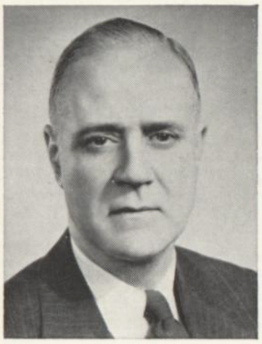


Harold H. Kendall, *President*
Detroit Creamery Company
30 years

Dan Lewis, *President*
Consolidated Products Company
35 years

George C. Mahle, *President*
Sugar Creek Creamery Co.
39 years

W. S. Obenshain, *President*
Southern Dairies, Inc.
37 years



C. R. Roberts, *President*
Sheffield Farms Company
27 years

A. S. Aronson, *Treasurer*
20 years

**Directors designated with an * are associated with organizations that are not divisions of National Dairy. The years shown represent their length of service as directors of National Dairy, and years in all other cases denote length of service with National Dairy and its predecessor companies.*

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC AND CANADIAN SUBSIDIARY COMPANIES

Consolidated Balance Sheets

ASSETS

	December 31 1952	 1951
CURRENT ASSETS:		
Cash	$ 39,036,995	$ 41,254,814
U. S. Government securities	491,202	901,424
Notes and accounts receivable, less reserve	50,534,113	46,735,197
Inventories, lower of average cost or market–		
Products and materials	123,156,456	106,919,596
Supplies	13,708,459	15,830,099
Total Current Assets	$226,927,225	$211,641,130
INVESTMENTS AND OTHER ASSETS:		
Foreign subsidiaries–		
English, Australian and Argentine	$ 4,122,386	$ 3,972,259
Continental European	1	1
	$ 4,122,387	$ 3,972,260
Less–Reserve for investments	3,171,935	3,171,935
	$ 950,452	$ 800,325
Domestic subsidiaries, not consolidated	7,472	7,472
Miscellaneous investments, deposits and receivables, less reserves	2,779,515	3,456,480
	$ 3,737,439	$ 4,264,277
PROPERTY, PLANT AND EQUIPMENT (Stated substantially at cost):		
Land	$ 13,324,483	$ 13,684,605
Buildings, machinery and equipment	289,937,787	273,636,829
	$303,262,270	$287,321,434
Less–Reserve for depreciation	128,734,230	114,622,730
	$174,528,040	$172,698,704
PREPAID AND DEFERRED ITEMS	$ 4,002,507	$ 1,923,675
GOODWILL	$ 1	$ 1
	$409,195,212	$390,527,787

(See Notes to Consolidated Financial Statements, page 21.)

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC AND CANADIAN SUBSIDIARY COMPANIES

Consolidated Balance Sheets

LIABILITIES

	December 31	
CURRENT LIABILITIES:	1952	1951
Accounts payable	$ 42,423,683	$ 41,756,194
Accrued liabilities	11,978,299	12,387,159
Provision for Federal taxes on income	41,850,000	39,150,000
Less—U. S. Government securities	(41,850,000)	(39,150,000)
Provision for Canadian taxes on income	927,000	328,914
3⅛% Notes due in Canadian funds within one year	250,000	250,000
Minimum annual sinking fund requirements due within one year with respect to 2¾% and 3% Debentures due 1970	1,600,000	1,600,000
Total Current Liabilities	$ 57,178,982	$ 56,322,267
LONG-TERM DEBT:		
2¾% Debentures due 1970 (Minimum annual sinking fund requirements: 1954-1955—$1,000,000 principal amount; 1956-1969—$1,500,000)	$ 44,000,000	$ 45,000,000
3% Debentures due 1970 (Minimum annual sinking fund requirements: 1954—$600,000 principal amount; 1955-1959—$900,000; 1960-1969—$1,200,000)	27,600,000	28,200,000
3⅛% Debentures due 1976 (Minimum annual sinking fund requirements: 1954-1964—$600,000 principal amount; 1965-1975—$900,000)	30,000,000	30,000,000
3⅛% Notes (Due serially in Canadian funds $250,000 on December 1, each year 1954-1962)	2,250,000	2,500,000
	$103,850,000	$105,700,000
MINORITY INTEREST IN SUBSIDIARIES	$ 333.045	$ 338,520
RESERVES:		
Prior years' Federal and state taxes	$ 10,702,896	$ 9,507,144
Insurance and other	2,126.249	1,995,706
	$ 12,829,145	$ 11,502,850
CAPITAL STOCK AND EARNED SURPLUS:		
Common stock, authorized, without par value, 8,000,000 shares Issued and outstanding at stated value—6,576,723 shares (1951—6,380,598 shares)	$ 64,316,601	$ 54,460,096
Earned surplus, per statement attached	170,687,439	162,204,054
	$235,004.040	$216,664,150
	$409.195,212	$390,527,787

(See Notes to Consolidated Financial Statements, page 21.)

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC AND CANADIAN SUBSIDIARY COMPANIES

Statements of Consolidated Profit and Loss and Earned Surplus

CONSOLIDATED PROFIT AND LOSS

	Year Ended December 31 1952	1951
INCOME:		
Net sales	$1,141,295,700	$1,066,177,231
Other income	4,190,996	3,746,015
Total	$1,145,486,696	$1,069,923,246
INCOME DEDUCTIONS:		
Cost of products	$ 852,987,306	$ 793,857,366
Delivery expense	117,786,878	108,083,300
Selling expense	67,841,294	64,182,442
General and administrative expense	31,870,432	33,616,875
Miscellaneous charges—net	718,862	1,001,313
Interest on long-term debt	3,133,339	2,788,482
Provision for Canadian taxes on income	1,499,333	725,800
Provision for Federal taxes on income (including $5,175,000 for excess profits taxes in 1952, and $4,950,000 in 1951)	41,850,000	39,150,000
Total	$1,117,687,444	$1,043,405,578
NET PROFIT FOR THE YEAR	$ 27,799,252	$ 26,517,668

The provision for depreciation charged to costs and expenses amounted in 1952 to $21,189,787 and in 1951 to $19,479,214.

CONSOLIDATED EARNED SURPLUS

	1952	1951
Balance at beginning of year, as previously reported	$ 159,489,841	$ 151,950,751
Add – Canadian subsidiaries	2,714,213	2,195,900
Balance at beginning of year, as restated	$ 162,204,054	$ 154,146,651
Net profit for the year	27,799,252	26,517,668
	$ 190,003,306	$ 180,664,319
Dividends on common stock—$3.00 per share in 1952; $2.90 per share in 1951	19,315,867	18,460,265
Balance at end of year	$ 170,687,439	$ 162,204,054

(See Notes to Consolidated Financial Statements, page 21.)

COMPTROLLER'S CERTIFICATE

The foregoing financial statements have been prepared under my direction from the companies' books kept under my supervision and, to the best of my knowledge and belief, fairly state the consolidated position of National Dairy Products Corporation and domestic and Canadian subsidiaries as of December 31, 1952 and the consolidated operations for the year ended on that date.

A Bogg Jr.

New York, N. Y., March 5, 1953.

Comptroller

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS . . . DECEMBER 31, 1952

PRINCIPLES OF CONSOLIDATION

All domestic subsidiary companies have been included in consolidation in the financial statements except a mutual insurance company and three minor partially owned companies. All foreign subsidiaries have been excluded from consolidation in the financial statements except the Canadian subsidiaries. The Canadian subsidiaries heretofore have been excluded from the consolidated accounts since the year 1939. The consolidated financial statements for the year 1951 have been restated on a comparable basis.

The effect of including the Canadian subsidiaries in the consolidated financial statements has been to increase net current assets, net sales and net profits by $7,433,644, $29,653,388 and $942,764 respectively, for 1952, and $6,702,604, $27,754,869 and $518,313 respectively, for 1951.

FOREIGN SUBSIDIARIES

Net sales of foreign subsidiaries (except Germany) excluded from consolidation aggregated $31,426,543 in 1952 and $26,506,896 in 1951, and the Company's equity in the net profits of such subsidiaries was $1,212,797 for 1952 and $711,844 for 1951, stated at the rates of exchange prevailing at the end of such years. The Company's equity in the net tangible assets of such foreign subsidiaries was $6,368,004 at December 31, 1952. Dividends of $495,375 in 1952 and $557,512 in 1951 were received from such foreign subsidiaries and credited to profit and loss.

DIVIDEND RESTRICTION

The Indenture and Supplemental Indentures under which the Debentures of the Company are outstanding contain provisions with respect to the payment of dividends on the common stock. Under these provisions approximately $82,400,000 of the consolidated earned surplus was restricted at December 31, 1952.

INCENTIVE COMPENSATION PLANS

Under the incentive compensation plans of the subsidiaries, officers and employees were paid approximately $1,799,500 for 1952 as compared with $1,690,000 for 1951. These plans covered in 1952 a total of 1,094 key employees, none of whom received as much as 2% of the total. No officer or employee of the parent company participated in these plans.

EMPLOYEES' SHARE PURCHASE PLANS

300,000 shares of the authorized and unissued common stock of the Company were reserved for sale to officers and other key employees under the Employees' Share Purchase Plan as approved by the stockholders in 1944. Privileges to purchase 120,357 shares, of which 81,763 shares were purchasable at December 31, 1952 (including 39,141 shares which became purchasable in 1952), in instalments to and including May 15, 1954, at prices ranging from $21.75 per share to $45.55 per share depending upon the dates of the grants of the privileges to purchase, were held by 670 key employees at December 31, 1952. 161,476 shares have been issued to December 31, 1952 and the proceeds therefrom amounting to $4,309,926 have been credited to the common stock issued account. Of these shares 36,125 were issued during 1952 for $1,116,505.

300,000 additional shares of common stock of the Company were reserved under the Employees' Stock Option Plan approved by the stockholders in 1952. Options to purchase 113,440 shares in instalments, the last instalment date being October 2, 1962, at the price of $51.95 per share, were granted on October 2, 1952 to 836 key employees, none of the shares covered by such options being purchasable before October 2, 1953.

PENSION PLANS

Charges to costs and expenses in 1952 and 1951 with respect to future service retirement annuities under the contributory plan adopted in 1941 amounted to approximately $1,546,000 and $1,488,000, respectively.

Future service normal costs of the non-contributory pension plan are provided each year, and the Corporation expects to amortize the past service cost of the plan over a period of 30 years from January 1, 1951, the aggregate of charges for such costs having amounted to $719,000 in 1952 and $658,000 in 1951, about two-thirds of the potentially eligible employees being covered on December 31, 1952.

Amendments to the plan increasing both its benefits and costs, described on page 13, became effective January 1, 1953 with respect to about two-thirds of the employees then covered by the plan. On the basis of this coverage, the future service normal cost would be $661,000 per annum and the unfunded past service cost would be approximately $10,870,000, the annual cost of which, if funded over the remaining period of 28 years, would be $543,000. If all potentially eligible employees became participants in the plan as amended, the annual future service cost would then be approximately $1,283,000 and the total unfunded past service cost would be approximately $22,901,000, the annual cost of which, if funded over the remaining period of 28 years, would be $1,145,000.

EXCESS PROFITS CREDIT

The Company's consolidated Federal excess profits credit is estimated to be $51,000,000 for 1952, and $48,500,000 for 1951.

AUDITORS' CERTIFICATE

To the Board of Directors and Stockholders of National Dairy Products Corporation:

We have examined the consolidated balance sheet of National Dairy Products Corporation (a Delaware corporation) and domestic and Canadian subsidiary companies as of December 31, 1952, and the related statements of consolidated profit and loss and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination for the year 1951.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated profit and loss and earned surplus present fairly the financial position of National Dairy Products Corporation and domestic and Canadian subsidiary companies consolidated as of December 31, 1952, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles. Other than the inclusion of the Canadian subsidiaries in the 1952 consolidated financial statements, which we approve, such accounting principles were applied on a basis consistent with that of the preceding year. (See note on principles of consolidation.)

New York, N. Y., March 5, 1953.

Arthur Andersen & Co

NATIONAL DAIRY PRODUCTS CORPORATION
AND DOMESTIC AND CANADIAN* SUBSIDIARY COMPANIES

Condensed Ten-Year Statement of Consolidated Assets and Liabilities

(All amounts are expressed in thousands)

	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943
WORKING CAPITAL										
CURRENT ASSETS										
Cash and marketable securities	$ 39,528	$ 42,156	$ 38,836	$ 53,593	$ 45,690	$ 30,614	$ 26,862	$ 56,295	$ 45,346	$ 29,767
Notes & accounts receivable (net)	50,534	46,735	38,919	32,825	36,893	36,462	30,754	21,600	23,581	22,873
Inventories	136,865	122,750	94,434	80,124	89,712	86,168	86,766	46,463	44,872	52,252
Total Current Assets	$226,927	$211,641	$172,189	$166,542	$172,295	$153,244	$144,382	$124,358	$113,799	$104,892
CURRENT LIABILITIES										
Bank loans	$ 0	$ 0	$ 0	$ 0	$ 0	$ 7,500	$ 0	$ 0	$ 0	$ 0
Accounts payable and accruals	54,402	54,143	47,164	42,477	40,093	40,516	43,438	33,884	28,388	26,798
Provision for Federal income tax	41,850	39,150	30,600	22,150	16,200	15,000	20,500	28,425	33,080	29,000
Less—U. S. Government securities	(41,850)	(39,150)	(30,600)	(22,150)	0	0	(17,461)	(28,425)	(33,080)	(29,000)
Provision for Canadian income tax	927	329								
Serial Notes and minimum annual sinking fund requirements due within one year	1,850	1,850	1,850	1,100	500	500	500	500	2,050	2,050
Total Current Liabilities	$ 57,179	$ 56,322	$ 49,014	$ 43,577	$ 56,793	$ 63,516	$ 46,977	$ 34,384	$ 30,438	$ 28,848
Working Capital	$169,748	$155,319	$123,175	$122,965	$115,502	$ 89,728	$ 97,405	$ 89,974	$ 83,361	$ 76,044
PROPERTY, PLANT AND EQUIPMENT (Net)	174,528	172,699	160,050	146,132	134,316	115,138	94,873	81,693	84,974	92,188
INVESTMENTS, OTHER ASSETS AND PREPAID ITEMS	7,740	6,188	11,202	10,929	11,031	8,561	8,482	7,999	9,240	8,818
Total	$352,016	$334,206	$294,427	$280,026	$260,849	$213,427	$200,760	$179,666	$177,575	$177,050
LONG-TERM DEBT	$103,850	$105,700	$ 77,550	$ 79,400	$ 81,000	$ 48,500	$ 49,000	$ 49,500	$ 51,150	$ 58,250
MINORITY INTEREST	333	339	337	327	319	340	337	303	345	321
RESERVES	12,829	11,503	11,145	10,691	25,001	24,238	23,165	16,998	17,617	16,654
Total	$117,012	$117,542	$ 89,032	$ 90,418	$106,320	$ 73,078	$ 72,502	$ 66,801	$ 69,112	$ 75,225
Book Value of Common Stock	$235,004	$216,664	$205,395	$189,608	$154,529	$140,349	$128,258	$112,865	$108,463	$101,825

NOTE: **Canadian included in* 1951 *and* 1952 *only.*

NATIONAL DAIRY PRODUCTS CORPORATION

AND DOMESTIC AND CANADIAN* SUBSIDIARY COMPANIES

Condensed Ten-Year Statement of Consolidated Profit and Loss

(All amounts are expressed in thousands, except per share and other statistics)

	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943
INCOME:										
Net sales	$1,141,296	$1,066,177	$906,641	$897,675	$986,404	$897,324	$742,409	$632,769	$593,853	$580,173
Other income	4,191	3,746	3,298	2,445	2,465	2,438	2,023	2,424	1,718	1,311
Total income	$1,145,487	$1,069,923	$909,939	$900,120	$988,869	$899,762	$744,432	$635,193	$595,571	$581,484
INCOME DEDUCTIONS:										
Cost of products	$ 852,988	$ 793,857	$662,935	$668,051	$779,298	$708,069	$563,754	$476,066	$441,609	$436,739
Delivery expense	117,787	108,083	97,340	95,187	94,001	87,526	75,217	63,704	58,466	56,991
Selling expense	67,841	64,183	53,343	48,945	46,549	40,908	32,104	26,801	24,175	22,786
General and administrative expense	31,871	33,617	29,953	28,729	26,373	23,464	20,794	18,750	18,893	16,931
Miscellaneous	719	1,001	903	1,568	(767)	278	236	5,664	4,311	1,567
Interest on long-term debt	3,133	2,788	2,200	2,231	1,857	1,358	1,383	1,669	1,799	1,921
Provision for Canadian income tax	1,499	726								
Provision for Federal income tax	41,850	39,150	30,600	22,150	16,200	15,000	20,500	28,425	33,000	29,000
Total income deductions	$1,117,688	$1,043,405	$877,274	$866,861	$963,511	$876,603	$713,988	$621,079	$582,253	$565,935
Net profit for the year	$ 27,799	$ 26,518	$ 32,665	$ 33,259	$ 25,358	$ 23,159	$ 30,444	$ 14,114	$ 13,318	$ 15,549
Appropriated to reserve for possible future inventory price declines and other contingencies	0	0	0	0	0	0	5,000**	0	0	2,500**
Balance transferred to earned surplus	$ 27,799	$ 26,518	$ 32,665	$ 33,259	$ 25,358	$ 23,159	$ 25,444	$ 14,114	$ 13,318	$ 13,049
PAYMENTS:										
Dividends	$ 19,316	$ 18,460	$ 17,737	$ 13,860	$ 11,306	$ 11,295	$ 10,334	$ 8,757	$ 6,881	$ 6,255
Payroll	190,482	177,752	161,601	156,888	152,574	141,372	122,408	102,532	94,648	88,632
Taxes	54,668	50,944	40,924	32,110	23,824	21,963	26,723	34,651	40,644	36,099
PER SHARE OF COMMON STOCK:										
Earnings transferred to earned surplus	$ 4.22	$ 4.16	$ 5.14	$ 5.26	$ 4.03	$ 3.68	$ 4.05	$ 2.25	$ 2.12	$ 2.08
Dividends	3.00	2.90	2.80	2.20	1.80	1.80	1.65	1.40	1.10	1.00
Taxes	8.31	7.98	6.44	5.08	3.79	3.50	4.26	5.54	6.50	5.77
OTHER STATISTICS:										
Number of—										
Common Stockholders	63,205	63,797	64,420	66,764	67,656	67,256	67,308	67,347	66,636	66,889
Employees	44,405	44,264	43,060	43,615	44,702	44,785	41,799	37,933	36,698	36,281

NOTE: **Canadian included in* 1951 *and* 1952 *only.*
***Transferred to earned surplus in* 1949.

NATIONAL DAIRY PRODUCTS CORPORATION

BOARD OF DIRECTORS

Directors whose names are marked with an asterisk are associated with organizations that are not subsidiaries of National Dairy.

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*W. S. S. Rodgers, *Director & former Board Chairman,* The Texas Company
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Geo. H. Rutherford, *Vice-President*
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E. E. Stewart, *President & Chairman of the Operating Committee*
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*Sidney J. Weinberg
Partner, Goldman, Sachs & Co.
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Raymond J. Wise, *Vice-President*
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Paul C. Cabot
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John H. Kraft
Elmer J. Mather
G. C. Pound
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Sidney J. Weinberg

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John H. Kraft	*Vice-President*
Elmer J. Mather	*Vice-President*
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Raymond J. Wise	*Vice-President*
J. Huber Wetenhall	*Vice-President*
Col. Edward F. Brown	*Vice-President*

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Chairman of the Board

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L. J. Zimmerlein	*Asst. Comptroller*

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Raymond J. Wise

Members of this committee are executives of National Dairy Products Corporation or subsidiary companies and are designated by the Board of Directors.

Transfer Agent

Manufacturers Trust Company
New York, N. Y.

•

Sullivan & Cromwell, *Counsel*

Registrar

The Chase National Bank of the
City of New York, New York, N. Y.

•

Arthur Andersen & Co., *Auditors*

NATIONAL DAIRY PRODUCTS CORPORATION

260 MADISON AVENUE • NEW YORK 16, N. Y.

PRINCIPAL DIVISIONS

AND FOUNDING DATES

*1901 – Akron Pure Milk Co., The, Akron, O.

*1877 – Ballard Ice Cream Co., Inc., Indianapolis, Ind.
*1895 – Belle Vernon Milk Co., Cleveland, O.
*1883 – Breakstone Bros., Inc., New York, N. Y.
*1866 – Breyer Ice Cream Co., Philadelphia, Pa.

*1892 – Castles Ice Cream Co., Newark, N. J.
*1896 – Chapman Dairy Co., Kansas City, Mo.
*1885 – Chestnut Farms-Chevy Chase Dairy Co., Washington, D. C.
1917 – Clover Dairy Co., The, Wilmington, Del.
*1870 – Clover Farm Dairy Co., Memphis, Tenn.
1927 – Cloverland Dairy Products Corp., New Orleans, La.
1928 – Cloverleaf Creameries, Inc., Huntington, Ind.
1925 – Consolidated Dairy Products Co., Inc., Long Island City, N. Y.
1915 – Consolidated Products Co., Danville, Ill.
1904 – Consumers Dairy Co., Union City, N. J.

†1847 – Deerfoot Farms Co., Southboro, Mass.
*1900 – Detroit Creamery Co., Detroit, Mich.
1927 – Dodds Alderney Dairy, Inc., Buffalo, N. Y.

1907 – Ebling Creamery Co., Detroit, Mich.
*1900 – Erie County Milk Association, Erie, Pa.
*1885 – Ewing-Von Allmen Dairy Co., Louisville, Ky.

*1899 – Franklin Ice Cream Co., Kansas City, Mo.
1907 – Frechtling Dairy Co., Hamilton, O.

1925 – General Ice Cream Corp., Schenectady, N. Y.

*1900 – Harding Co., The, Omaha, Neb.
1918 – Hiland Dairy Co., Newport, Ky.
1930 – Humko Co., The, Memphis, Tenn.
1914 – Hydrox Corp., Chicago, Ill.
1925 – Hydrox Ice Cream Co., Inc., Long Island City, N. Y.

1930 – Kentucky Dairies, Inc., Louisville, Ky.
*1903 – Kraft Foods Co., Chicago, Ill.
  Kraft Dairies Limited, Hayes, England
  Kraft Foods Co. of Wisconsin, Green Bay, Wis.
  Kraft Foods Limited, Hayes, England
  Kraft Foods Limited, Melbourne, Australia
  Kraft Foods Limited, Montreal, Quebec, Canada
  Kraft Kase-Werke, G.m.b.H., Lindenberg, Bavaria, Germany
  Phenix Foods Co., Chicago, Ill.

1906 – Luick Dairy Co., Milwaukee, Wis.
*1897 – Luick Ice Cream Co., Milwaukee, Wis.

1913 – Matthews-Frechtling Dairy Co., The, Cincinnati, O.
1906 – Merchants Cold Storage Co., Cincinnati, O.
*1889 – Muller Dairies, Inc., New York, N. Y.

1913 – Nashville Pure Milk Co., Nashville, Tenn.
1921 – National Creamery Co., Somerville, Mass.
1927 – National Dairy Products Co., Inc., Chicago, Ill.
1929 – National Dairy Research Laboratories, Inc., Oakdale, N. Y.

1919 – Ohio Clover Leaf Dairy Co., Toledo, O.
1920 – Ovson Egg Co., Chicago, Ill.

*1872 – Rieck Dairy Co., Pittsburgh, Pa.
*1872 – Rieck Ice Cream Co., Pittsburgh, Pa.
*1876 – J. D. Roszell Co., Peoria, Ill.

*1868 – St. Louis Dairy Co., St. Louis, Mo.
*1901 – Sanitary Milk Co., The, Canton, O.
1953 – Sheffield Chemical Co., Inc., Norwich, N. Y.
†1841 – Sheffield Farms Co., Inc., New York, N. Y.
*1901 – Southern Dairies, Inc., Washington, D. C.
1910 – Sugar Creek Creamery Co., Danville, Ill.
†1804 – Supplee-Wills-Jones Milk Co., Philadelphia, Pa.

*1895 – Telling Ice Cream Co., Cleveland, O.

*1890 – Union Ice Cream Co., Nashville, Tenn.

*1871 – Western Maryland Dairy, Inc., Baltimore, Md.

1914 – Youngstown Sanitary Milk Co., Youngstown, O.

**Operating for 50 years or more*

†Operating for a century or more

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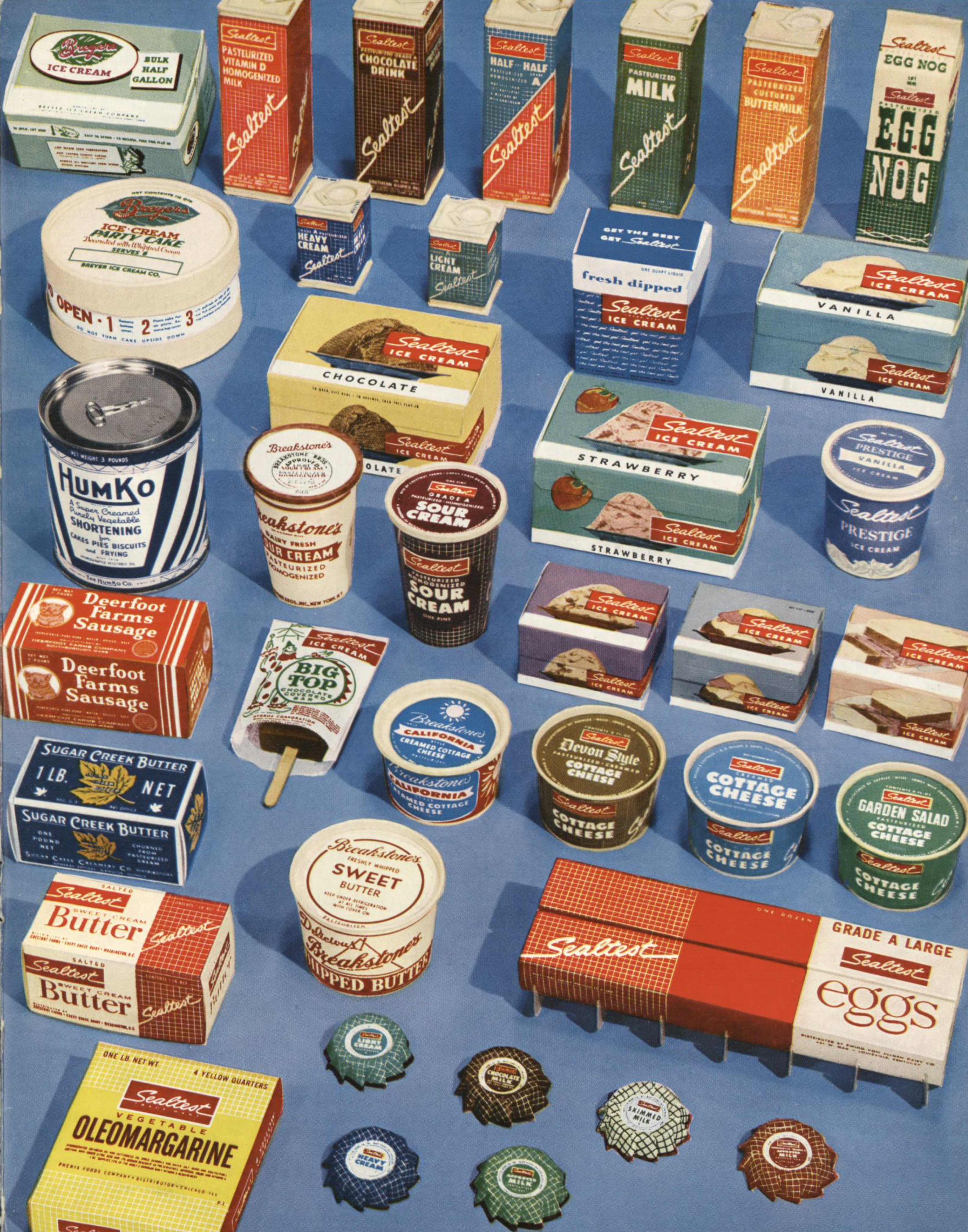
Breyers ICE CREAM
BULK HALF GALLON
Sealtest PASTEURIZED VITAMIN D HOMOGENIZED MILK
Sealtest CHOCOLATE DRINK
Sealtest HALF AND HALF GRADE A
Sealtest PASTEURIZED MILK
Sealtest PASTEURIZED CULTURED BUTTERMILK
Sealtest EGG NOG
Breyers ICE CREAM PARTY CAKE
Decorated with Whipped Cream
SERVES 8
BREYER ICE CREAM CO.
TO OPEN · 1 2 3
DO NOT TURN CAKE UPSIDE DOWN
Sealtest HEAVY CREAM
Sealtest LIGHT CREAM
GET THE BEST GET Sealtest
fresh dipped
Sealtest ICE CREAM
VANILLA
CHOCOLATE
STRAWBERRY
Sealtest PRESTIGE VANILLA ICE CREAM
HUMKO
A Super Creamed Purely Vegetable SHORTENING for CAKES PIES BISCUITS and FRYING
NET WEIGHT 3 POUNDS
THE HUMKO CO.
Breakstone's DAIRY FRESH SOUR CREAM PASTEURIZED HOMOGENIZED
Sealtest GRADE A SOUR CREAM
Sealtest PASTEURIZED HOMOGENIZED SOUR CREAM
ONE PINT
Deerfoot Farms Sausage
Sealtest ICE CREAM
BIG TOP CHOCOLATE COVERED BAR
Breakstone's CALIFORNIA STYLE CREAMED COTTAGE CHEESE
Sealtest Devon Style COTTAGE CHEESE
Sealtest CREAMED COTTAGE CHEESE
Sealtest GARDEN SALAD COTTAGE CHEESE
SUGAR CREEK BUTTER
1 LB. NET
ONE POUND NET
Breakstone's FRESHLY WHIPPED SWEET BUTTER
Delicious Breakstone's WHIPPED BUTTER
Sealtest SALTED SWEET CREAM Butter
ONE DOZEN
Sealtest GRADE A LARGE eggs
Sealtest LIGHT CREAM
Sealtest CHOCOLATE MILK
Sealtest SKIMMED MILK
Sealtest HEAVY CREAM
Sealtest MILK
ONE LB. NET WT
4 YELLOW QUARTERS
Sealtest VEGETABLE OLEOMARGARINE

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